Human Events *A Weekly Analysis for the American Citizen*

Editorial Office 1710 Rhode Island Ave., N. W., WASHINGTON 6, D. C. *Telephone* NATIONAL 2066

VOL. VI, NO. 52, *Issue Number* 309, DECEMBER 28, 1949 ★ *Editors:* FELIX MORLEY & FRANK C. HANIGHEN

ECONOMIC MAN CAN'T MAKE IT

by Walter Sonneberg

As the second half of the Twentieth Century comes up we see ourselves caught in a hodgepodge of scientific achievement and irrational conduct, of high ideals and low grade performance, of industrial aptitude and political confusion.

Modern man has three orders of thought, the economic, the social and the moral, making for mixed motives and objectives, and frequently for cross-purpose actions. An unrequited affection for an easy way out, the way of debt, is only leading to more embarrassing complications, and well we know it.

Economic man, having reached an impasse, blocked by mistaken loyalties, wrong valuations and deceptive leadership, now cries: "Enough, let the social and moral take over." Social man has been gradually groomed for the job. Moral man comes into the picture more reluctantly.

A voluminous literature deals with these conflicts. For instance, Peter F. Drucker in The Future of Industrial Man, reminds us that the corporation and the mass production plant, with its assembly line, are representative phenomena of the day. "They replace the manor and the market." Industrial Society now finds itself faced by "totalitarian tyranny" because "it failed to discharge its elementary function". Dictatorships move in to fill the vacuum caused by "a collapse of values".

The United States is in a favored position, by virtue of tremendous resources, its creative tradition, a period of great inventional progress, rapid growth of the factory system, unprecedented quickening of engineering skill, and war-stimulated productivity developed without the physical destruction of war. We are free from the pinch suffered by other countries. But we had better not push our luck too far.

The failure of technology to keep faith with its social obligations is made manifest in threatened depression, questionable "welfare" measures, debt dallying, tax juggling, and a plague of uncertainties which in the aggregate certainly do not spell security for anybody.

How many of the new obligations thoughtlessly thrust on "the Government" can be carried without destroying our political system? There is growing concern lest we be slipping into Socialism through the back door, but little is done to keep enterprise free and self-supporting.

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Awareness of the significance of the changing scene is the first step toward needed adjustments. That should now be followed by clarification of principles of action, adapted to and more worthy of our technical accomplishments. The extent of government co-operation in the shaping and administration of policies based on principle should not be on a hit-or-miss basis.

The various phases of government controls and planning (a quite distinct breed of animal) have been given wide publicity. It boils down to this: The changing and broadening functions of the modern State are part of a developing pattern. Wise decisions, based on experience, must be made as to functions that the State should take over and duties and responsibilities that individuals cannot surrender if liberty is to be maintained.

We have gone merrily along, backing panaceas that don't pan out and accumulating debt in the fond illusion that the debt will take care of itself. Bernard M. Baruch has called the turn on that one: "What once we took for granted must now be consciously thought through. That windfall of youth, time, is gone. No longer able to trust to luck that things will work themselves out, we must deliberately determine our national interest." In other words, the "natural forces of recovery" slogan, so long the stand-by of romantically-minded businessmen, has been put in its place.

Determined prosperity hounds have sought comfort in the hope that a rising national income will solve all problems, including that of debt. But it "ain't necessarily so". We had big national income, full employment and great production in 1948, followed by threat of recession in 1949, despite the financial oil poured on by Uncle Sam. There have been deceptive spurts of business during the last 20 years due to artificial financial stimulation without a noticeably improved economy. What is gained by doubling the national income in dollars if the purchasing power of those dollars is simultaneously halved?

Practical men are insistently asking how we can figure on the establishment of general prosperity until reasonable wage-price-profit ratios are reached. Sound economic growth depends upon harmonious relationships between those factors. These in turn require intelligent labor-management co-operation, better income distribution, and a dependable working setup that will never be brought about by the magic wand of political promises.

The absurd surplus situation, in which the potato fiasco has been pretty thoroughly aired, ties in with the ineffectualities of an improvised tax policy sponsored largely by pressure groups and hobby riders.

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Between taxes going out of one pocket and subsidies coming in another pocket there's a lot of lost motion, of long-range benefit to nobody. Subsidies, like taxing the rich to support the poor (the English admit they have come to the end of their rope in this attempt), or the attempted correction of industrial deficiencies by fancy financial juggling, are artificial and roundabout. The natural and direct are what the doctor orders. American ingenuity is challenged by the absence of marketing arrangements appropriate to our productive capacity. Business organizations and industrial engineers, sensing the fault, have been working on this phase of the problem.

Taxes must be returned to their rightful place as the source of revenue. Taxes are weak sisters to depend on for correction of social inequities. Correctional attack in this field should be made where the money starts flowing, where purchasing power is generated. Once the money is paid out, forced redistribution is certain to be ineffectual.

How curious is the mind of man! It takes exception to Biblical miracles but swallows whole magic formulas which outrage nature quite as rudely as Jonah's adventure with the whale. Economists know that higher real wages can only come out of greater productivity and/or lower unit costs. Despite this condition, organized Labor demands higher wages and lower prices without rendering more service for pay demanded. Union leaders figure on paper how employers can raise wages and lower prices. Their statistical ammunition is more picturesque than reliable.

In demanding round after round of wage concessions (pensions, severance and disability pay and such like are also payroll additions) through organized drives instead of by way of economic performance, the wage earners destroy their own security. The high wage strategy, deriving as it does from the purchasing power fallacy -- that it doesn't make much difference how money is acquired and how it is spent -- engages in a losing battle.

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The outcome is a Tantalus-like performance in which prices, in correspondence with mounting costs, keep rising above the buying capacity of a large segment of the public. In France, people who once earned 1,500 francs a month and out of it bought all the good food they wanted, now earn 100,000 francs a month but eat and live less well.

So the argument for higher wages eventually gets tangled in its own futilities, somewhat like the tax question. Taxes cannot be reduced because the Government spending cannot be curtailed, because the Govern-

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ment must support the national income out of which taxes are paid. Soon or late a vicious circle of that sort must be cut.

Management as well as Labor throws monkey wrenches into the machinery. Management also engages in "featherbedding" of many kinds, probably less excusable because its spokesmen advocate competitive practice from which business is often happy to take shelter. The required worker-ownership co-operation has not become manifest over a sufficiently wide area. Nor has the promiscuous resort to nationalization as evasion of individual responsibility proved itself. People in New Zealand, Australia and even Britain are evidently going through a process of disillusionment on the subject of how much lifting can be done by tugging at one's bootstraps.

Nevertheless, the problem remains. Economic man has not kept pace with developing social requirements. The factory system destroyed the old cultural pattern, leaving a vacuum into which crackpots have dumped panaceas that are demonstrably futile. It is certainly no blessing that programs have often been presented in such a way "as to hypnotize the public into believing that the Government has some magic means of providing something for nothing".

Meanwhile we continue to draw on the public treasury for deficiencies, seemingly unaware that we are following a pattern proved futile time and again in history; blissfully repeating mistakes which are inexcusable on the part of a well-informed people.

The reasonable conclusion is that economic man alone is too selfish to escape from the impasse in which he finds himself; that social man unaided cannot resolve the difficulty; that moral man, whose strength is seldom exercised to the full, must be called into play unless the brave new world anticipated by many is not to prove a complete mirage.

All of which adds up to the thought that Americans can do really big things with their country, during the second half of the Twentieth Century, if we get our values straight, coordinate our economic, social and moral thinking, and work devotedly to preserve the synthesis.

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Not Merely Gossip *A Supplement to* Human Events Vol. VI, No. 52

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By Frank C. Hanighen December 28, 1949

U.S. AND YUGOSLAVIA: It may have been only a negligible move in diplomacy, or it may prove one day to have marked a new stage in the conflict between Soviet Russia and the U.S. In any case, some of the more acute observers of the international scene in Washington are still pondering a certain official action taken by the U. S. Government last week. On December 21, at the Stalin birthday celebration in Moscow, M. Molotov said Marshal Tito's days are numbered. "The time", he declared, "is not far off when it [the Tito clique] will meet with the shameful fate of dishonorable hirelings of imperialist reaction." Now many harsh words have been uttered in the Tito row, but never before has such a high Russian official as Molotov, member of the Politburo, employed such severe and menacing terms. The State Department reportedly took the matter seriously, for we learn that the wires were buzzing that day.

Next day, Mr. George V. Allen, newly named Ambassador to Yugoslavia, paid a final call on the President before departing for his post. After leaving the White House, he was asked if he had received any particular instructions from the Chief Executive. He reported that "the President confirmed that the U.S. is unalterably opposed to aggression whenever it occurs or threatens to occur"; and that the President applied this formula to Yugoslavia as well as other countries threatened by aggression. A few hours later, the President at his press conference confirmed these statements.

It is an ironic comment on this position -- possibly a very hazardous position -- which the U. S. has taken, to note that it has apparently not aligned Tito on our side. For, a few days later on December 27, the Yugoslav Foreign Minister emphasized that his country would remain "on the fence" in any east-west dispute.

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THE TIMES AND GERMANY: It would, of course, be lese majeste to refer to the New York Times coverage of affairs in Germany as "antics". Nevertheless, any close reader of that excellent "journal d'information" must have felt rather pensive after reading its date-lines from Germany in the past few weeks. On December 12, on the front page, two column head, was "British Fear Rightist Groups in Germany Plan to Combine". Under it, quoting "authoritative British sources", the correspondent Drew Middleton reported a "powerful overt challenge" of "neo-fascism" in 3 small radical right-wing organizations in the British and American zones. Reading further, one learns that, of course, these are small groups, but -- who knows? -- in the future, etc. etc. And all these groups "express in some degree the philosophy of National Socialism". It is indeed curious to find the sources, representatives of Mr. Attlee's totalitarian state, worrying about the philosophy of National Socialism. The next day, Mr. Middleton had additional worries of the British to report, this time about "the owners of the Ruhr". The startling news was that they are "right-wing conservative". One would think that this would be cause for reassurance; since German conservatives were the first to rebel against Hitler and backed the movement to overthrow his regime.

The series by Mr. Middleton continued, with quavers of violins and wind music. On December 14, "German Control of Ruhr is Feared". By whom? By British officials who noted that the end of dismantling has left Germany with a steel capacity of 15 million tons annually. And what would these right-wing industrialists do if they controlled the Ruhr? They would "make economic agreements with the Russians". This -- from the British who are making trade pacts with the Russians! Finally, on

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December 15, Mr. Middleton summed up: "The resurgence of reactionary, radical nationalism with strong Nazi overtones is the most dangerous, long-term problem facing the Western Powers" and the Adenauer Government. One of the biggest causes of Mr. Middleton's state of alarm is the rise of the Bavarian Party. That party is separatist. But since it is opposed per se to a strong central German government -- which any surviving Nazis would want -- how can it be called Nazi?

The logic of the news editor of the Times, however, is even more curious. On December 22, that paper had a chance to reassure its readers about the dark prospect in Germany painted by Mr. Middleton. There was news, not from any unnamed British "authority", but from the principal American authority in Germany, High Commissioner John J. McCloy. On that day, McCloy -- obviously answering the Middleton series -- declared that the "bulk of the German people have set their faces against militarism and nazi-ism". He said that "healthy tendencies toward development of a liberal spirit" far outweigh "those of renazification and nationalism". Surely, this utterance was an outstanding news story. But, whereas Mr. Middleton's opening story was given a two-column head on page one, Mr. McCloy's open reply was placed on page 7, and on a dull news day. What's going on in the Times?

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EUROPEAN INTEGRATION: Mr. Paul Hoffman has a polysyllable by the tail. From the pens of his speech writers, there has come the magic word, "integration". They say, "Europe must be integrated." When Mr. Hoffman took up his labors two years ago, the tocsin was then "production". The Marshall Plan was designed to enable Western Europe to recover its production by American subsidization of raw materials, foodstuffs and machinery. Today, production has been achieved to such an extent that ERP countries can't sell all they produce. As originally projected, such an outcome was to have been prevented by free trade between the countries of Europe. But Mr. Hoffman and his aides were so afraid of "infringing sovereignty", of telling the paid piper what tune to play, that all sorts of barriers grew and multiplied, so that today Europe is a mosaic of autarchies. Now, Mr. Hoffman wants to "integrate" these nationalist economies into one over-all European economy.

The ECA Administrator is broadcasting his evangel with all the blithe assurance with which he tackled "production". Reading his speeches, one gets the impression that this task of integration will be accomplished in the next two years, at the end of which the Marshall Plan aid is scheduled to cease. But there are critics who warn that right there is where his favorite polysyllable may become uncontrollable. Now that ERP has helped to create 16 economic nationalisms, integration is scarcely an easy ideal to attain. Among the barriers which must come down are inconvertibility of currencies, exchange restrictions, tariffs, age-old monopolies -- indeed, quite a series of problems. When one considers the relative small progress of Benelux and the failure to go through with the project of a Franco-Italian customs union, the chances of creating an overall "integration" in the next two years appear highly ephemeral.

But, assuming that Mr. Hoffman will swing the club, what would result? A free trade area, clicking along with all the power of the free enterprise system of the U.S.? It might be pointed out that our economy evolved, and not without pain to many, over many decades -- that some regions rose, others declined, some industries throve, others were forced to the wall, populations shifted. It was a time of growth, but also of long travail. For instance, would Mr. Hoffman be able to withstand the cries of pain from Italians if the uneconomic Italian steel industry were forced to shut down as a result of merciless competition from Germany?

One shrewd Congressional observer back from a long study of Europe remarked to us: "Mr. Hoffman apparently does not measure the extent of the distress which real economic integration would bring. I do not mean that the ideal of integration is

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wrong. I mean that Hoffman has not taken into account the question of time and resources required to reach his goal. In other words, Mr. Hoffman has not enough time and America has not enough money to obtain European integration before the Marshall Plan comes to its end in 1952."

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MONETARY UNION: If "integration" succeeds in only one field -- currency -- it will have achieved much. At the present time, representatives of Western European nations are meeting in Paris in an effort to better this situation. We learn that their researchers are studying the history of one very interesting experiment in currency stabilization -- the Latin Monetary Union. This organization was formed in 1863 by France, Belgium, Switzerland and Italy; and Greece joined later. Each country had its own nomenclature: France, Belgium and Switzerland -- the franc; Italy -- the lira; and Greece -- the drachma. But all units circulated at the same value in other countries of the Union. There are varying views of the real importance of the Union; but it did last until the outbreak of World War I, which ushered in a period of great monetary disturbance. Some enthusiasts for the idea of the Union have urged the experts meeting in Paris to follow the same pattern.

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SHADOWS LENGTHEN: To recognize clearly the mistakes of the past is an essential before going forward with plans for the future. Such a proposition seems reasonable enough for the average person in the guidance of his personal affairs. But, in political matters in this country, it is unaccepted. The probe of the Pearl Harbor disaster yielded no lesson because those in power would not allow any clear picture of their mistakes to be given to the public. After the Democratic majority got through tossing dust into the record of the Pearl Harbor Investigating Committee, few save those students who have time to wrestle with documentation could fix the responsibility. Mr. Fulton Lewis, the broadcaster, will know what we mean, after his experience with the House Unamerican Activities, with General Groves and Major Jordan. The "Dead Wood" Committee, as it is now dubbed, is a complete captive of an Administration determined to whitewash its own record. Even if the Republican members had been present at the hearings on Mr. Lewis' scoop, the Democratic majority would undoubtedly have succeeded in muddying the waters.

We were ruminating such matters while reading an excellent book dealing with life and politics in France in the past few decades. In Paris last month we received the impression that France could not go forward until the myths of the past decade were dispelled and the people had a clear picture of what they have been through. The book on France is Shadows Lengthen by Clara Longworth de Chambrun. It is an autobiography, but a large part of it concerns the era of the much misunderstood Vichy regime. Here parade such figures as Marshal Petain and Pierre Laval, and the conquering Charles de Gaulle returning from abroad to take over power. The child minds of the directors of our war propaganda portrayed the two former as devils and the latter as an angel. Out of the delightfully informal style of this American lady comes a different and, we believe, a true picture of two patriotic Frenchmen trying to save something out of the debacle of 1940; and of the gropings of the leader of the Fourth Republic as he struggled with his friends of those years, the Communists. Madame de Chambrun has performed a service for Americans as well as Frenchmen who wish to understand the recent unhappy past.

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ERRATUM: Mr. Lalley corrects a slip in his copy of last week. In his review of Conway Zerkle's Death of a Science in Russia, he compared Lysenko to "Apollonius of Tyre". Mr. Lalley says he meant to write "Tyana" instead of "Tyre".

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Book Events

Man for Himself, An Inquiry into the Psychology of Ethics, by Eric Fromm. New York: Rinehart and Company, Inc. $3.00. Reviewed by Frank Chodorov.

Living, says Eric Fromm, is an art. Its object is not merely existence, but the developing into that of which one is capable. The end toward which the individual strives is inherent in his potentialities; he is both artist and the object of his art. The excellence of his achievement is proportional to knowledge of his potentialities. Hence, the science of living -- psychology -- can make no valid propositions regarding human behavior unless it starts out with the premise that "something, say X, is reacting to environmental influences in ascertainable ways that follow from its properties".

The ethical norms of living -- what is "good" or "bad" living -- are not external to the man but flow from the requirements of his nature. They are not relativistic, merely matters of preference, and cannot be treated on a "take it or leave it basis"; for man's values are part of him, he cannot live without them, and, consciously or unconsciously, they affect his mental reactions. Ethics is a blood-relation of psychology. To explore this relationship is the purpose of Man for Himself.

To the layman (like this reviewer), to the one who picks up his knowledge of psychology from its vulgarizations in novels, biographies and magazine articles, this association of psychology with ethics is somewhat startling. For the impression one gets from these sources is that the individual is the product of his ethical environment and has no hand in its making. The ubiquitous social worker, the one who has "majored" in psychology, and is therefore apt to be most assertive, accepts as axiomatic the indefinite malleability of human nature; the ethical norms are established by the prevailing authorities -- parents, church, educators or State -- and the mental difficulties of people result from accidental functional disturbances that make conformance with these norms difficult.

Nor is this point of view confined to the run-of-the-mill therapeutist. The "Park Avenue" psychiatrist or psychoanalyst also finds the norm of psychic well-being in a complete adjustment with the cultural climate. An inability to make such adjustment, resulting in unhappiness, causes a neurotic condition; the inability stems from a conflict between the subconscious and the real. The idea that the maladjustment may be entirely rational, may evidence an inner demand for values higher than the prevailing ones, is dismissed as inconsequential or unreal. On the face of it, then, a Thoreau must be a mentally sick man.

This approach to psychology lends itself all too readily to the socialistic doctrine that human nature is autoplastic; it is the "system" that makes the man and not the other way around. To that doctrine the inclination of psychologists toward an authoritarian ethics is highly complimentary, and the individualist, the non-conformist, is likely to suspect psychology of being a form of socialistic propaganda.

Hence, it is a relief when a psychologist of some eminence speaks of "inherent potentialities". That to each of us is given a "mode of reaction" -- which Fromm calls temperament, as distinguished from character -- that it is "constitutional and not changeable" is obvious to every observant father or traveling salesman; but in a book of psychology the statement is rare. It is refreshing, therefore, to find Mr. Fromm saying: "The idea that all men are created equal meant that all men have the same right to be considered as ends in themselves and not as means. Today, equality has become the equivalent of interchangeability, and is the very negation of individuality. Equality, instead of being a condition for the development of each man's peculiarity, means the extinction of individuality."

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